

## UNEMPLOYMENT DECREASES PUSH WAGES UP IN IDAHO

The principle of supply and demand is being borne out in Idaho's dramatic drop in unemployment over the past three years.

As Idaho's economic recovery from the national recession in 2001 drove the state's unemployment rate to record lows, it began moving wages higher.

With the state economy regaining its momentum and the unemployment rate steadily marching toward 4 percent and below, the labor pool was noticeably contracting in 2004, putting pressure on wages. In the final quarter of 2004 that pressure became significant and unrelenting.

9 percent in the final months of 2004, fueled by the resumption of year-end bonuses in many businesses that dropped them until they felt they had regained financial stability.

New hires were benefiting from the same circumstances. The dwindling labor pool was pushing average monthly wages above the levels employers were offering in early 2001 before the slowdown hit.

The statewide average annual wage, a broader measure than the monthly wage measured by the Local Employment Dynamics program, was up 6.5 percent during the last three months of 2004 compared

to the final three months of 2003.

It was the largest fourth quarter year-to-year percentage gain since the average annual wage was up 7.1 percent in the last quarter of 2000 as the 1990s expansion was peaking.

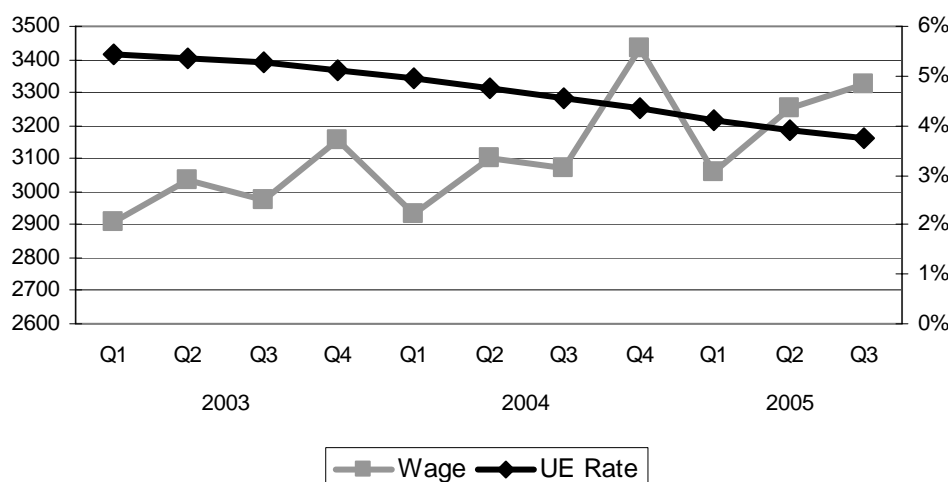
In terms of average monthly wages, paychecks in manufacturing, transportation, warehousing, real estate, business management and recreation, which had been fairly flat since the downturn, all posted double-digit percentage gains from the last quarter of 2003 to the last quarter of 2004.

There were also increases above the statewide average in other sectors like education, health care, accommodations and professional, business and food services.

And in 2005, the seasonal decline in the overall average monthly wage that comes in the summer did not occur. Wages continued moving up.

Average wages for new hires were essentially stagnant from the end of 2001 through most of 2004. But wages began rising significantly in the first half of 2005, eclipsing the wage levels of early 2001 when employers appeared to be hedging against a slowdown by recruiting part-timers so they could limit full-time payrolls.

FYI Chart 1: Average Wage and Unemployment Rates by Quarters, January 2003 to September 2005



Wages began rising as new and expanding businesses looked for skilled, reliable workers and existing businesses wanted to keep the qualified employees they already had, according to wage statistics compiled through Idaho Commerce & Labor's Local Employment Dynamics program.

The Local Employment Dynamics program combines information collected by the Census Bureau and Idaho Commerce & Labor and merges it to provide for the first time details on wages by age, county and industry sector.

Comparing one quarter to the same quarter a year earlier, wages that had generally increased 1 percent or less during and since the slowdown jumped nearly

FYI Table 1: Percentage Growth in Average Monthly Wage by Quarter, 2001-2005

	Q1	Q2	Q3	Q4
2001	\$2,935.00	\$2,974.00	\$2,939.00	\$3,032.00
2002	\$2,916.00	\$3,002.00	\$2,945.00	\$3,130.00
% Chg	-0.65%	0.94%	0.20%	3.23%
2003	\$2,907.00	\$3,036.00	\$2,972.00	\$3,157.00
% Chg	-0.31%	1.13%	0.92%	0.86%
2004	\$2,934.00	\$3,101.00	\$3,069.00	\$3,435.00
% Chg	0.93%	2.14%	3.26%	8.81%
2005	\$3,061.00	\$3,254.00	\$3,323.00	N/A
% Chg	4.33%	4.93%	8.28%	N/A

FYI Table 2: Percentage Growth in Average Monthly Wage for New Hires by Quarter, 2001-2005

	Q1	Q2	Q3	Q4
2001	\$1,918.00	\$2,330.00	\$1,786.00	\$1,679.00
2002	\$1,739.00	\$1,952.00	\$1,705.00	\$1,819.00
% Chg	-9.33%	-16.22%	-4.54%	8.34%
2003	\$1,641.00	\$1,865.00	\$1,758.00	\$1,674.00
% Chg	-5.64%	-4.46%	3.11%	-7.97%
2004	\$1,706.00	\$2,030.00	\$1,772.00	\$1,990.00
% Chg	3.96%	8.85%	0.80%	18.88%
2005	\$2,255.00	\$2,531.00	\$2,003.00	N/A
% Chg	32.18%	24.68%	13.04%	N/A

While the fluctuation in wages during the first nine months of 2005 followed the historic pattern, it did so at wage levels significantly higher than those being paid during the first half of 2001 as the slowdown was just beginning to hit.

Companies also focused initial wage improvements on their core work force. Workers aged 25 to 34 benefited to some extent from the pressure on the labor pool. But the real increases went to the backbone of most businesses, those between 35 years and retirement, who have the experience and knowledge that companies typically place a significant value on.

Teen workers began seeing the impact toward spring of 2005 although increases in their paychecks were modest. Workers in their early 20s saw the first vestiges of improvement in late 2004.

See pages 24-26 for more charts showing annual wage changes by categories.

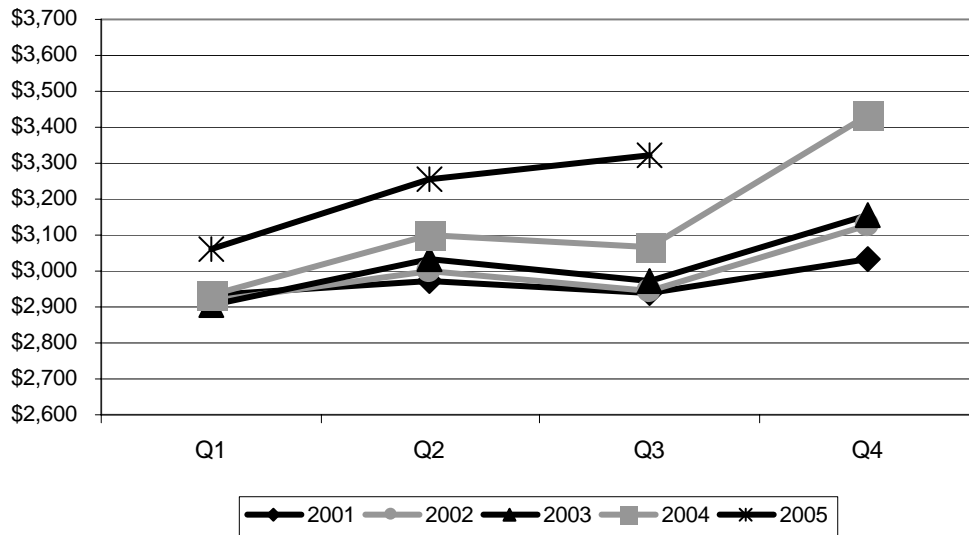
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FYI Table 3: Industry Wages — Average Monthly Wages, by Quarters, 2003 Through Third Quarter 2005

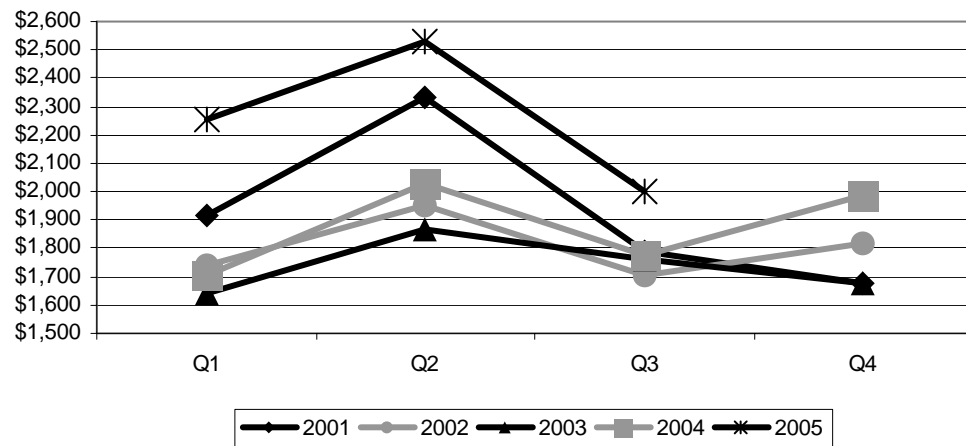
Sector	2003 Q1	2003 Q2	2003 Q3	2003	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2005 Q1	2005 Q2	2005 Q3
Agriculture/	\$1,676	\$2,152	\$2,115	\$2,563	\$1,845	\$2,263	\$2,184	\$2,398	\$1,841	\$2,273	\$2,485
Mining	\$3,071	\$3,964	\$3,341	\$4,751	\$3,312	\$3,470	\$3,581	\$4,949	\$3,039	\$3,016	\$3,501
Utilities	\$4,566	\$3,949	\$3,861	\$5,856	\$4,312	\$3,989	\$4,078	\$5,092	\$4,703	\$4,007	\$4,298
Construction	\$3,088	\$3,267	\$3,156	\$3,421	\$3,001	\$3,333	\$3,276	\$3,508	\$3,013	\$3,526	\$3,645
Manufacturing	\$4,222	\$5,062	\$4,377	\$4,937	\$4,374	\$5,019	\$4,610	\$5,583	\$4,413	\$5,167	\$5,115
Wholesale Trade	\$3,971	\$4,157	\$4,199	\$4,303	\$4,091	\$4,082	\$4,268	\$4,487	\$4,391	\$4,265	\$4,424
Retail Trade	\$2,130	\$2,152	\$2,182	\$2,273	\$2,188	\$2,286	\$2,281	\$2,429	\$2,561	\$2,394	\$2,527
Transportation/	\$2,632	\$2,718	\$2,714	\$2,917	\$2,700	\$2,872	\$2,867	\$3,281	\$2,743	\$2,907	\$3,188
Information	\$3,415	\$3,469	\$3,373	\$3,706	\$3,587	\$3,644	\$3,401	\$3,705	\$3,537	\$3,631	\$3,719
Finance/Insurance	\$4,035	\$3,728	\$3,756	\$3,780	\$3,707	\$3,728	\$3,741	\$3,941	\$4,095	\$3,870	\$4,066
Real Estate/	\$2,033	\$2,192	\$2,232	\$2,359	\$2,160	\$2,376	\$2,410	\$2,945	\$2,456	\$2,661	\$2,859
Professional/	\$3,651	\$3,690	\$3,683	\$4,180	\$3,693	\$3,849	\$3,825	\$4,460	\$3,698	\$4,170	\$3,957
Companies/	\$3,957	\$3,646	\$3,474	\$3,910	\$4,188	\$3,988	\$3,857	\$4,685	\$4,738	\$3,954	\$3,938
Enterprises											
Administrative/											
Support/ Waste	\$1,907	\$2,019	\$2,039	\$2,029	\$2,041	\$2,088	\$2,095	\$2,148	\$2,094	\$2,115	\$2,172
Management											
Educational	\$2,397	\$2,412	\$2,622	\$2,520	\$2,421	\$2,450	\$2,676	\$2,714	\$2,348	\$2,548	\$2,706
Services											
Health Care/	\$2,869	\$2,828	\$3,075	\$3,163	\$2,899	\$2,962	\$3,163	\$3,427	\$2,857	\$3,072	\$3,353
Arts/	\$1,244	\$1,344	\$1,279	\$1,394	\$1,167	\$1,389	\$1,327	\$1,679	\$1,312	\$1,404	\$1,450
Entertainment/											
Accommodation/	\$1,066	\$1,081	\$1,151	\$1,121	\$1,094	\$1,145	\$1,182	\$1,203	\$1,101	\$1,212	\$1,251
Food Services											
Other Services											
(not Public	\$1,898	\$1,982	\$2,033	\$2,062	\$1,931	\$2,013	\$2,087	\$2,187	\$2,000	\$2,159	\$2,267
Administration)											
Public	\$3,188	\$2,997	\$3,207	\$3,064	\$3,226	\$3,087	\$3,344	\$3,446	\$3,023	\$3,199	\$3,432

Source: Census Bureau Quality Work Force Indicators

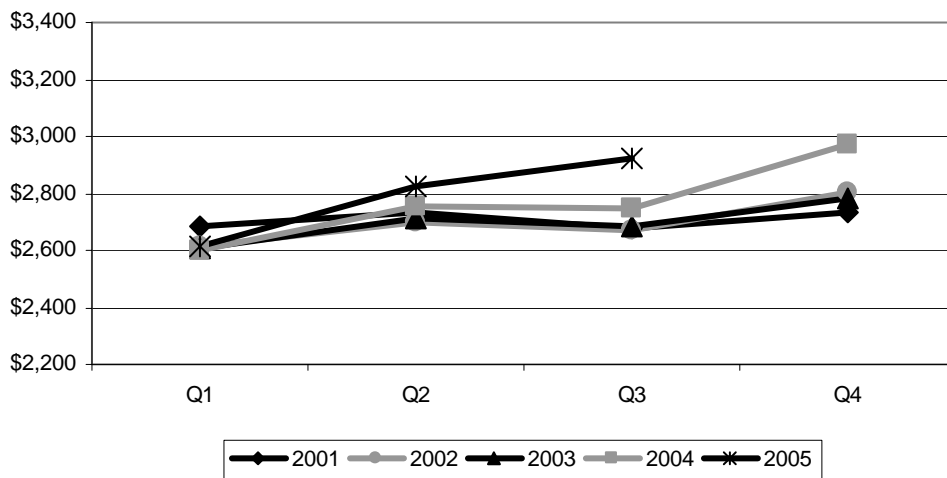
FYI Chart 2: Average Monthly Wage by Quarters, 2001–2005



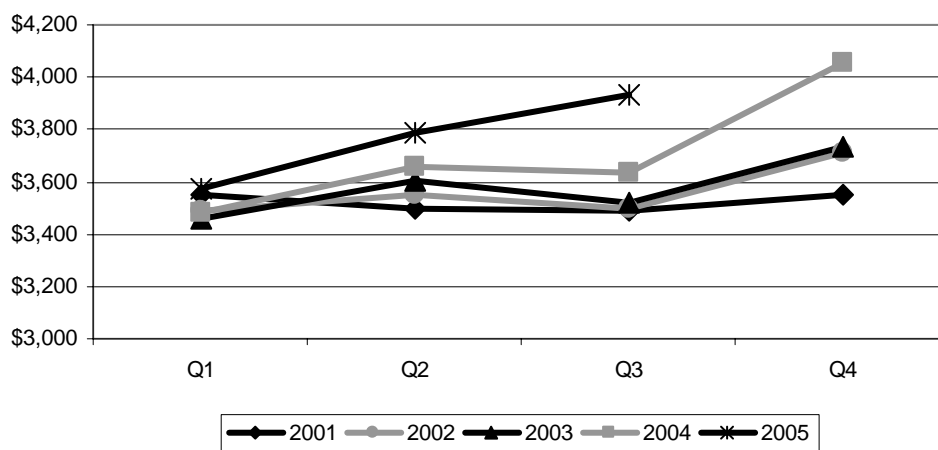
FYI Chart 3: Average Monthly Wage for New Hires by Quarter, 2001-2005



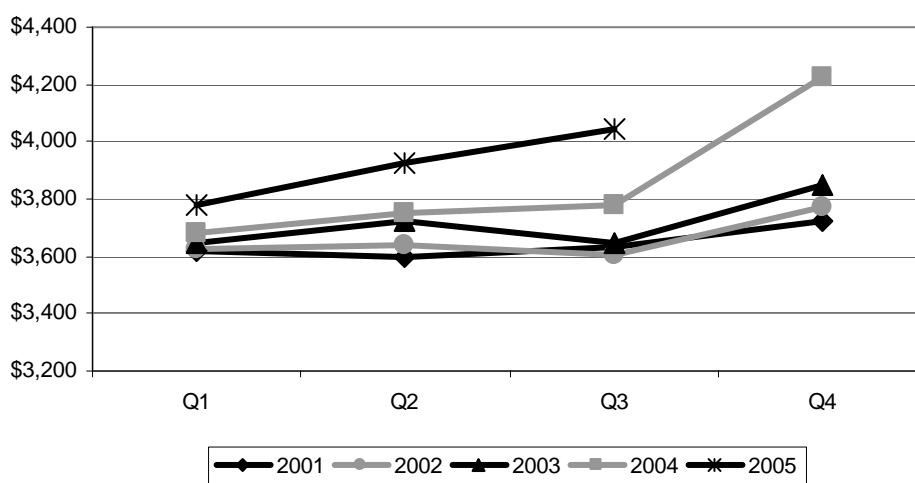
FYI Chart 4: Average Monthly Wage for Workers Aged 25-34 by Quarter, 2001–2005



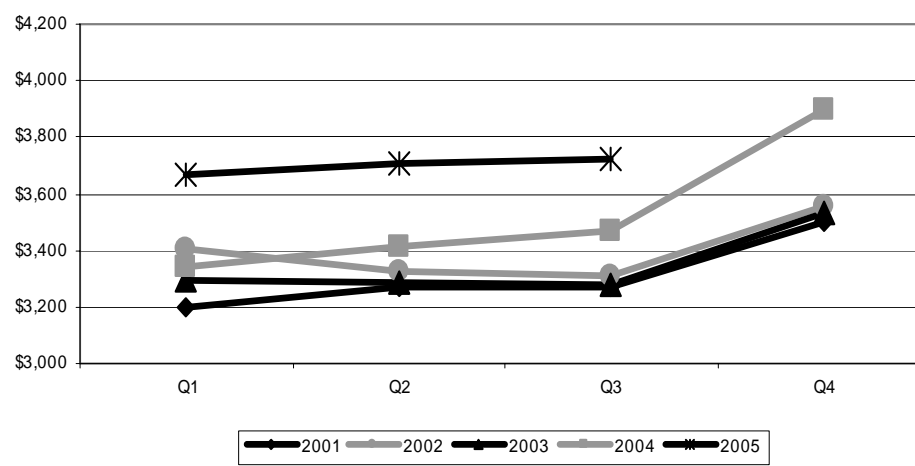
FYI Chart 5: Average Monthly Wage for Workers Aged 35-44 by Quarter, 2001–2005



FYI Chart 6: Average Monthly Wage for Workers Aged 45-54 by Quarter, 2001–2005



FYI Chart 7: Average Monthly Wage for Workers Aged 55-64 by Quarter, 2001–2005



FYI Table 4: Average Monthly Wage By County, Quarterly 2003—Third Quarter of 2005

County	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2005 Q1	2005 Q2	2005 Q3
Idaho	\$2,419	\$2,506	\$2,530	\$2,652	\$2,468	\$2,592	\$2,617	\$2,848	\$2,517	\$2,677	\$2,813
Ada	\$2,891	\$2,991	\$2,964	\$3,102	\$2,917	\$3,055	\$3,063	\$3,380	\$3,008	\$3,202	\$3,293
Adams	\$1,737	\$1,891	\$1,998	\$2,050	\$1,767	\$1,877	\$1,971	\$2,102	\$1,845	\$1,880	\$2,117
Bannock	\$2,270	\$2,246	\$2,375	\$2,432	\$2,314	\$2,378	\$2,490	\$2,638	\$2,361	\$2,524	\$2,656
Bear Lake	\$1,646	\$1,612	\$1,720	\$1,663	\$1,595	\$1,585	\$1,808	\$1,868	\$1,712	\$1,871	\$1,836
Benewah	\$2,120	\$2,255	\$2,501	\$2,513	\$2,350	\$2,368	\$2,560	\$2,645	\$2,440	\$2,475	\$2,764
Bingham	\$2,065	\$2,086	\$2,130	\$2,312	\$2,093	\$2,184	\$2,212	\$2,443	\$2,130	\$2,255	\$2,336
Blaine	\$2,387	\$2,650	\$2,638	\$3,119	\$2,449	\$2,807	\$2,804	\$3,313	\$2,573	\$2,868	\$3,038
Boise	\$1,608	\$1,791	\$1,771	\$1,853	\$1,870	\$1,856	\$1,906	\$1,821	\$1,833	\$1,915	\$2,028
Bonner	\$2,013	\$2,149	\$2,302	\$2,403	\$2,030	\$2,320	\$2,381	\$2,543	\$2,221	\$2,451	\$2,634
Bonneville	\$2,363	\$2,481	\$2,496	\$2,832	\$2,658	\$2,781	\$2,766	\$2,839	\$2,338	\$2,425	\$2,816
Boundary	\$1,859	\$1,989	\$2,044	\$2,006	\$1,944	\$2,184	\$2,171	\$2,221	\$1,908	\$2,194	\$2,197
Butte	\$4,250	\$4,259	\$4,348	\$3,806	\$3,718	\$3,778	\$3,735	\$4,774	\$4,534	\$4,538	\$4,748
Camas	\$1,551	\$1,584	\$1,599	\$1,955	\$1,444	\$1,566	\$1,696	\$2,381	\$2,104	\$1,926	\$2,043
Canyon	\$2,247	\$2,307	\$2,310	\$2,458	\$2,284	\$2,402	\$2,407	\$2,609	\$2,305	\$2,461	\$2,581
Caribou	\$3,246	\$3,327	\$3,168	\$3,314	\$3,526	\$3,420	\$3,159	\$3,764	\$3,200	\$3,981	\$3,710
Cassia	\$1,884	\$1,957	\$1,985	\$2,118	\$1,902	\$2,067	\$2,082	\$2,210	\$1,978	\$2,043	\$2,186
Clark	\$1,785	\$1,823	\$2,004	\$2,178	\$1,792	\$1,824	\$1,576	\$1,844	\$2,026	\$2,016	\$2,056
Clearwater	\$1,820	\$1,816	\$2,163	\$2,026	\$1,910	\$1,869	\$2,136	\$2,213	\$1,904	\$1,979	\$2,304
Custer	\$1,717	\$1,808	\$1,978	\$2,058	\$1,880	\$1,926	\$2,497	\$1,997	\$1,760	\$2,015	\$3,875
Elmore	\$1,726	\$1,872	\$1,875	\$1,985	\$1,817	\$1,983	\$1,948	\$2,142	\$1,894	\$2,067	\$2,174
Franklin	\$1,627	\$1,839	\$1,791	\$1,915	\$1,630	\$1,853	\$1,838	\$1,937	\$1,721	\$1,923	\$1,963
Fremont	\$1,910	\$1,943	\$2,003	\$2,083	\$1,875	\$2,001	\$2,020	\$2,156	\$1,919	\$2,086	\$2,090
Gem	\$1,746	\$1,744	\$1,829	\$1,833	\$1,729	\$1,820	\$1,868	\$1,932	\$1,788	\$1,810	\$2,026
Gooding	\$1,836	\$1,994	\$1,969	\$2,106	\$1,952	\$2,084	\$2,026	\$2,255	\$2,095	\$2,143	\$2,221
Idaho	\$1,884	\$1,966	\$2,048	\$2,045	\$1,914	\$2,008	\$2,075	\$2,144	\$1,974	\$2,064	\$2,187
Jefferson	\$1,655	\$1,816	\$1,786	\$1,984	\$1,715	\$1,882	\$1,933	\$1,900	\$1,773	\$1,965	\$1,987
Jerome	\$2,063	\$2,080	\$2,158	\$2,212	\$2,080	\$2,191	\$2,275	\$2,355	\$2,157	\$2,276	\$2,411
Kootenai	\$2,222	\$2,264	\$2,370	\$2,430	\$2,280	\$2,372	\$2,408	\$2,613	\$2,331	\$2,470	\$2,596
Latah	\$2,125	\$2,092	\$2,358	\$2,179	\$2,168	\$2,162	\$2,447	\$2,372	\$2,078	\$2,229	\$2,519
Lemhi	\$1,535	\$1,612	\$1,665	\$1,695	\$1,559	\$1,690	\$1,741	\$1,783	\$1,594	\$1,753	\$1,818
Lewis	\$1,604	\$1,699	\$1,805	\$1,957	\$1,758	\$1,919	\$2,017	\$2,183	\$1,857	\$2,037	\$2,227
Lincoln	\$1,712	\$1,853	\$1,838	\$1,908	\$1,738	\$1,896	\$1,943	\$2,147	\$1,926	\$2,071	\$2,108
Madison	\$1,884	\$2,128	\$2,090	\$2,176	\$1,963	\$2,153	\$2,104	\$2,301	\$2,089	\$2,247	\$2,314
Minidoka	\$1,952	\$2,063	\$2,075	\$2,340	\$2,007	\$2,183	\$2,193	\$2,439	\$2,046	\$2,243	\$2,409
Nez Perce	\$2,493	\$2,628	\$2,607	\$2,774	\$2,587	\$2,658	\$2,709	\$2,873	\$2,630	\$2,707	\$2,849
Oneida	\$1,600	\$1,602	\$1,688	\$1,632	\$1,623	\$1,657	\$1,742	\$1,864	\$1,636	\$1,783	\$1,838
Owyhee	\$1,832	\$1,906	\$1,820	\$2,025	\$1,891	\$1,966	\$1,890	\$2,122	\$1,909	\$1,966	\$2,127
Payette	\$2,141	\$2,144	\$2,165	\$2,284	\$2,116	\$2,185	\$2,181	\$2,396	\$2,214	\$2,304	\$2,354
Power	\$2,242	\$2,334	\$2,436	\$2,493	\$2,286	\$2,485	\$2,353	\$2,740	\$2,528	\$2,601	\$2,722
Shoshone	\$2,145	\$2,130	\$2,320	\$2,305	\$2,217	\$2,294	\$2,430	\$2,580	\$2,233	\$2,366	\$2,539
Teton	\$1,832	\$1,954	\$2,039	\$2,095	\$1,933	\$2,050	\$2,124	\$2,177	\$1,914	\$2,110	\$2,220
Twin Falls	\$2,108	\$2,199	\$2,219	\$2,330	\$2,102	\$2,229	\$2,251	\$2,456	\$2,181	\$2,288	\$2,450
Valley	\$1,757	\$1,878	\$1,942	\$2,026	\$1,856	\$1,989	\$2,062	\$2,186	\$2,138	\$2,167	\$2,396
Washington	\$1,655	\$1,793	\$1,829	\$1,968	\$1,716	\$1,859	\$1,886	\$2,035	\$1,846	\$2,012	\$2,055

Source: Census Bureau Quarterly Workforce Indicators